

Attachment A
Table of Stakeholder Comments to
PSE's Draft 2022 DER RFP

#	Summary of Comment(s)	Comment incorporated into the RFP?	PSE Response
<i>BlueGreen Alliance, submitted December 23, 2021</i>			
1.1	<p>Labor Standards</p> <p>The BlueGreen Alliance recommends that Puget Sound Energy revise the labor standards portion of its evaluation and scoring criteria to breakout 82.08.962(1)(c)(i), (ii) and (iii), and RCW 82.12.962(1)(c)(i), (ii) and (iii) into separately scored values.</p>	Yes	<p>PSE agrees BlueGreen Alliance's recommendation is a clearer delineation of scoring for labor standards and has applied the requested edits.</p> <p>Does the developer intend to comply with the labor standards in RCW 82.08.962 and 82.12.962? If yes, provide a summary description.</p> <p>No, the developer does not intend to comply with labor standards consistent with RCW 82.08.962 and 82.12.962</p> <p>The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(i) and RCW 82.12.962(1)(c)(i).</p> <p>The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(ii) and RCW 82.12.962(1)(c)(ii).</p> <p>The developer intends to comply with labor standards consistent with RCW 82.08.962(1)(c)(iii) and RCW 82.12.962(1)(c)(iii).</p>
<i>EnergyHub, submitted December 27, 2021</i>			
2.1	<p>Terms Sheets and Liquated Damages</p> <p>The proposed terms in the "Prototype capacity and/or energy agreement term sheet" are not properly aligned with mass market residential demand response (DR) programs built from customer resources designed to not negatively impact customers while also delivering grid value. The proposed terms are more oriented towards</p>	Yes	<p>PSE recognizes that the liquated damages (LDs) in its prototype terms sheets are burdensome and will not require LDs for hitting contract milestones, such as the Guaranteed Commercial Operation Date, for DR programs.</p> <p>PSE will still compensate respondents accordingly to the contracted capacity provided during a dispatch event. Failure to deliver all or a portion of contracted capacity will result in a reduction of payment, terms of which will be discussed during contract negotiations.</p>

	<p>commercial & industrial (C&I) customers whose energy behaviors and risk profiles vary significantly from residential customers. Specifically the following proposed terms are also overly onerous for residential programs:</p> <ul style="list-style-type: none"> • Inclusion of liquidated damages tied to a Guaranteed Commercial Operation Date and Development Milestones is problematic due to both being partly dependent on timely feedback and input from PSE on program launch activities. As such, it is not entirely in the vendors control when the program is operational. • Inclusion of liquidated damages tied to the Final Nameplate Capacity being less than 100% of the Planned Nameplate Capacity is problematic due to PSE desiring control over program design components such as DER control strategy. As the RFP and term sheet are currently written, the vendor would not have full control over the performance of the DERs, but would have significant financial exposure based on how PSE decided to leverage the DERs. Additionally, pursuing this approach will result in a higher price charged to PSE due to performance risk having to be added into the commercial terms. 		
2.2	<p><i>SaaS Licensing Model</i> An alternative approach that will</p>	Yes	PSE has provided its Master Service Agreement (MSA) template in Exhibit I, which is better suited for mass market residential DR than the Prototype

	provide PSE with maximum program and resource control flexibility while also ensuring resource performance is a Software as a Service (SaaS) licensing model with Service Level Agreements (SLAs) and variable per-DER pricing to ensure resource performance while maintaining more flexibility with key program design elements and control parameters.		capacity and/or energy agreement term sheet provided in Exhibit G. PSE expects SaaS vendors will provide a SaaS agreement, including SLAs, during contracting to cover the licensing terms, and expects all other services to be covered by the MSA provided in Exhibit I. As stated in Exhibit A of the RFP, all cloud-based software solutions must have a SOC2 Type II audit completed. Vendors who are in the process of a SOC2 audit will be considered if a letter is provided from their auditor stating they are in a SOC2 audit and have an estimated completion date on or before July 1, 2022. PSE has updated language in Section 5 to explain this option.
2.3	<i>BYOD Program Details</i> "Bring Your Own Device" or BYOD programs that leverage existing, customer-owned DERs do not require equipment installation, and due to the DER being customer-owned, operations and maintenance is typically the responsibility of the customer (with support from the DER manufacturer). As such, it's recommended to include these program components as optional, or "if applicable", in the final RFP.	Yes	PSE agrees that for BYOD programs, many aspects of customer O&M do not apply. In circumstances where these program requirements are not relevant, PSE has added "if applicable", so respondents can answer accordingly.
2.4	<i>PSE Co-branding</i> Requirement 1.03 "Respondent must use PSE branding or co-branding when sending notifications to customers"; it's noted that not all residential DER device manufacturers that support event notifications support the ability to co-brand that notification. It's suggested to change this requirement to "Nice to have" if PSE would like to maximize the number of DERs eligible for the program.	Yes	Using PSE branding or co-branding is still a "Must Have", but dependent on whether PSE will ultimately have ownership of the program. For programs with the potential for PSE ownership, we require the ability to have notifications PSE branded or co-branded. For programs with no potential for PSE ownership, we would prefer PSE branding or co-branding, but if that option is not technically possible, we are open to alternatives. This Exhibit K requirement will be updated to reflect that. PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be

			provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.
2.5	<p><i>Rate Schedules Managed by VPP</i></p> <p>Requirement 1.20 "Respondent must have the ability to have rate schedules managed by the VPP"; it's noted that rate schedules (e.g. time of use rates) do not appear to be within scope in the rest of the RFP and it's unclear what the specific use cases and requirements are. It's suggested to change this requirement to "Nice to have" and/or provide additional detail on what is intended by the requirement.</p>	No	<p>The requirement to have the rate schedules managed by the VPP is still a "Must Have." While each customer account will need to be specifically tied to a rate schedule, the responsibility of incorporating the rate schedules into the VPP will likely be done by PSE or in some cooperative manner.</p> <p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.</p>
2.6	<p><i>Settlement Process</i></p> <p>Requirement 1.26 "Respondent must support settlement process with both DER owners and PSE"; it's noted that DR program best practices for residential mass market programs typically do not include performance-based settlement for DER owners. It's suggested to differentiate this requirement between C&I and residential programs, and allow for a flat incentive structure, as opposed to performance or settlement-</p>	No	<p>Respondents supporting the settlement process with both DER owners and PSE is a "Must Have" for PSE. The requirement is written broadly enough to capture all possible situations PSE may wish to incorporate into the VPP.</p> <p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.</p>

	based incentives, for residential programs.		
2.7	<p><i>Geographical Information (LAT/LON)</i> Requirement 2.03 "Respondent requested to provide geographical information (LAT/LON) to feed into the VPP's geographical/mapping interface"; it's recommended to either allow for Address, as opposed to LAT/LON, be sufficient to meet the requirement, or change the requirement to "Nice to have".</p>	No	<p>The GIS (LAT/LON) data is a "Must Have" for PSE. However, there is potential for collaboration when it comes to data collection. When a respondent has acquired customers, they can potentially reach out to PSE to inquire whose GIS data is already captured and for those whose data is not available, the respondent will then be required to collect.</p> <p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.</p>
2.8	<p><i>Price of Dispatch with Generation Forecast</i> Requirement 4.05 "Respondent must provide price of dispatch with generation forecast"; it's recommended to include additional detail on the use cases and specific requirements. Such a requirement seems to be most relevant to market-based programs, which is only considered in the secondary requirements in Exhibit J. If that is the</p>	No	<p>Providing price of dispatch with generation forecast is a "Must Have" for PSE. PSE needs to collect pricing data (capacity, dispatch, etc...) to accurately track and value resources.</p> <p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.</p>

	case, it's suggested to change the requirement to "Nice to have"		
2.9	<p><i>Control of DER Assets on 15 sec Interval</i></p> <p>Requirement 5.04 "Respondent must enable control of DER assets from the VPP on a 15 second interval"; assuming this intends to require DER dispatch within 15 seconds of receiving a dispatch signal from the VPP, it's noted that for vendors that enable aggregations of residential, WiFi-connected DERs through cloud-based integrations, this is technically not possible due to latency in the dispatch signal path (VPP > DER aggregator cloud > DER manufacturer cloud > DER). As such, it's recommended to change this requirement to "Nice to have"</p>	No	<p>The requirement to enable control of DER assets from the VPP on a 15 second interval is still a "Must Have." PSE's intent is to notify respondents a day or hour ahead for dispatch, but PSE is curious of what respondent capabilities are and will ask in the RFP that they provide a quickest response time for full capacity if 15 seconds is not achievable.</p> <p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.</p>
2.10	<p><i>Data in 15 sec Intervals</i></p> <p>Requirement 5.05 "Respondent requested to provide consumption and production data at 15 second intervals to the VPP"; the same comment above on Requirement 5.05 applies.</p>	No	<p>Providing consumption and production data in 15 second intervals is a "Must Have" for PSE. Near real-time visibility of resource usage/availability is needed to verify resource was correctly dispatched.</p> <p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be</p>

			provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.
2.11	<p><i>Opt-out of Events</i></p> <p>Requirement 5.06 "Respondent must be able to provide confirmation of opt-out of events to the VPP"; its recommended to change this to "Nice to have" for residential mass market programs due to the opt-out rate being relatively consistent across events. This requirement may be more impactful for C&I programs/customers, where a single customer opting out may have a significant impact on the event performance</p>	No	<p>Providing confirmation of opt-out events is a "Must Have" for PSE. PSE needs to be able to collect data on individual customer performance and if they are consistently opting out.</p> <p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.</p>
2.12	<p><i>DER Status and Data to VPP</i></p> <p>Requirement 5.18 "Respondent requested to provide DER status, performance, and configuration data to the VPP"; it's recommended for residential mass market programs to allow for aggregated DER status, performance, and configuration data, as opposed to DER-specific status, performance, and configuration data.</p>	No	<p>DER status, performance and configuration data is a "Must Have" for PSE. PSE needs as much visibility of individual data for future planning of resources.</p> <p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.</p>
<i>Commission Staff Comments, submitted December 29, 2021</i>			
3.1	<p><i>Updates of Tech Specs and VPP</i></p> <p>The Company discusses its current development of a VPP platform and specifies that all Front-of-the-Meter DERs of greater than or equal to 2 MW capacity be SCADA controlled. PSE</p>	Yes	<p>PSE will not be able to provide its updated Technical Specifications for Small Generation Interconnections by January 2022 and is instead targeting February 2022. When the new specifications are available, PSE will post it online and make appropriate efforts to notify and circulate it publicly.</p>

	<p>notes that it is currently updating its Technical Specifications for Small Generation Interconnections for generation interconnecting to PSE’s distribution system and anticipates that the updated version will be available in January 2022, prior to the final version of this RFP being issued.</p> <p>Recommendation: To ensure transparency in the process, the Company should post any updates to specifications related to this RFP, including when it is publicly available, in compliance with the solicitation process rules for any RFP.</p>		
3.2	<p><i>Liquidated Damages and Resource Equity</i></p> <p>Staff notes that liquidated damages are mentioned once in relation to all proposals, and damages are also mentioned separately in the demand response section. 14 Staff questions whether both are necessary, and if they are, why only demand response faces potential damages in two areas. Staff also questions the requirement for a five-year minimum contract term for demand response bids, as opposed to battery storage and distributed solar which do not have such a minimum term.</p>	Yes	<p>See PSE’s response to EnergyHub comment 2.1.</p> <p>The 5 year minimum contract length for demand response bids is industry standard. PSE expects solar and BESS contracts to be aligned with the useful life of the equipment, which will be determined in conjunction with successful bidders during contracting.</p>

	Clarify the intent of damages and that damages do not unduly disadvantage certain resource types.		
3.3	<p>Figure 6 and Value Fit</p> <p>Category A and Category B are likely to cause confusion among potential bidders if not communicated effectively. Please update Figure 6.</p> <p>Staff is concerned about the lack of detail about how the process of assembling “Value Fit” programs will be conducted, and how the Company will address these questions with prospective bidders.</p> <p>The Company clarified that its programs will not compete directly with Category B vendor service proposals during this “Value Fit” process. Nonetheless, Staff recommends the Company provide additional detail in the RFP about how this process will be conducted and what oversight (e.g., independent evaluator) will be involved. PSE indicated to Staff that it will add language to better define the independent evaluator’s role in this process.</p>	Yes	PSE agrees with the Staff’s recommendation to clean up Figure 6 and has applied the requested edits. PSE has added language regarding IE review and final approval of Value Fit programs. PSE will require IE approval through two check points in the Value Fit development process and provide all pertinent data for verification.
3.4	<p>Tech Equity</p> <p>Staff notes that some language in the RFP risks skewing responses towards specific technologies, or away from newer technologies. In line with the intent of CETA, there is a need for “new</p>	Yes	PSE understands Staff’s concerns about evaluating technologies fairly to maintain neutrality. The language on page 12 regarding lithium ion technology has been revised to only mention PSE’s preference for that technology regarding ownership proposals, which is subsequently divided in the evaluation. The reasoning for this preference comes from PSE’s ownership

	<p>technology” in the clean energy transformation. PSE must ensure that newer technologies are evaluated fairly by maintaining technology neutrality throughout the RFP process.</p> <p>Compared to more mature technologies (for which permits are issued with some regularity), newer technologies’ permitting processes may take longer causing them to lose points under this criterion through no fault of their own. Where possible, Staff encourages the Company to use evaluation criteria that are within a bidder’s control.</p> <p>Recommendation: Staff recommends changes to the RFP, including either (1) removing the reference on page 12 and other explicit preferences for specific technologies, and/or (2) explain the reason for this preference and describe the process a bidder may use to submit a proposal that includes a technology other than the preferred technology.</p>		<p>experience in battery technologies and does not limit respondents submitting proposals with pay-for-performance contracts.</p> <p>PSE agrees with Staff that permitting for mature technologies has a possible quicker processing time than those for newer technologies, but the Permitting and Studies section is the lowest scoring category in the qualitative rubric. PSE would like to keep the more advanced permitting progress metrics to appropriately score proposals that are further in development and PSE feels that the low weighting of this category does not skew much in more mature technologies’ favor.</p>
3.5	<p><i>Q1 and Q2 Updates</i></p> <p>In the Company’s targeted DER and All-Source RFPs, PSE commits to coordinate evaluation to create a “holistically optimized portfolio,” where the shortlists from each RFP will be included in modeling sensitivity</p>	Yes	<p>PSE has and will continue to closely coordinate with Bates White on the DER RFP development. Come Q1 and Q2 of 2022, as PSE begins to prep for and evaluate respondent proposals, PSE will notify Staff and Bates White on the approach and progress.</p>

	<p>analysis, comparing combinations of portfolios across future pricing.</p> <p>In Q1 and Q2 2022, Staff expects PSE to inform Staff and Bates White regarding approaches taken comparing resources considered in the two solicitations while maintaining the integrity of the two processes.</p>		
<i>Enphase Energy, submitted December 30, 2021</i>			
4.1	<p><i>Demand Response Pricing</i></p> <p>The RFP requires bidders to propose customer incentive amounts for demand response (DR) without offering any guidance or parameters. While Enphase appreciates the flexibility in allowing respondents to craft their own pricing and incentive structures, such an approach may create two unintended consequences. First, this approach may require bidders to betray sensitive project economics information in their proposals. In addition, requiring bidders to determine incentive levels creates no transparency into whether a bidder and utility are even remotely aligned on pricing until after the bidder has efforted a proposal, which could result in wasted time for both the bidder and PSE. For this reason, Enphase suggests that PSE provide greater detail to inform proposed DR pricing structures.</p>	Yes	<p>PSE agrees with Enphase’s comments regarding DR pricing complexity and has removed several previous requirements for BCA modeling purposes, simplifying the required categories. PSE is only requiring pricing for winter capacity events, program startup costs, program administration costs and program marketing costs. PSE may potentially ask for additional pricing information during the Phase 2 evaluation.</p>

4.2	<p><i>BTM BESS Classification and Limitations</i></p> <p>The RFP states that PSE will treat behind-the-meter (BTM) battery energy storage systems (BESS) as “a dispatchable resource similar to DR.” First, Enphase requests clarity into whether this means that respondents should treat BTM BESS as DR for the purposes of their proposals, as each resource type has its own requirements, and BESS and DR are separate resource types. If PSE is treating BTM BESS as DR, Enphase requests clarity into whether BTM BESS will be allowed to export to the grid. The draft RFP contains conflicting language on whether such an export prohibition is for BTM BESS not paired with solar or BTM BESS generally. Specifically, on page 4, the RFP states that “[a]t this time, PSE does not allow export from BTM batteries that are not paired with solar to the grid,” while on page 8, the RFP states more generally that “grid export not allowed for BTM BESS.” Enphase urges PSE to recognize that BTM BESS offers a suite of grid services above and beyond traditional DR, including increased resiliency during peak periods and extreme weather events, and therefore allow BTM BESS paired with solar to export back to the grid.</p>	Yes	<p>To date, PSE has not had enough experience with standalone BTM batteries (ie BTM batteries <i>not</i> paired with solar) to develop processes and standards to allow for export to the grid. PSE recognizes that BTM batteries can provide additional grid benefits from exporting, and thus, will develop processes and standards to allow for export by the time resources acquired through this RFP come online (early 2023). PSE will update the RFP accordingly to state that standalone BTM batteries will be allowed to export.</p>
-----	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>4.3</p>	<p><i>Contract Timeline</i></p> <p>In addition, Enphase seeks clarity on reconciling RFP timelines with PSE’s stated 2025 resource goals. PSE states that the “targets identified in this DER RFP are aligned with the 2021 Clean Energy Implementation Plan (CEIP) DER additions.”</p> <p>However, based on the RFP timeline, it appears likely that the bidder would not be under contract (minimum 5-year contract for DR) until early 2023.</p> <p>Once under contract, the bidder will obviously require time to stand up the project and deliver the resource. For this reason, Enphase questions whether the above resource goals, particularly the 2025 goals (129 MW), are aligned with the RFP timelines and achievable. Achievability of resource goals is important to PSE and the State of Washington for planning purposes, and to bidders who are entering into long-term contracts and may face the threat of liquidated damages for failure to perform.</p>	<p>Yes</p>	<p>PSE expects a ramp up rate for all resources, especially behind-the-meter customer-sited resources. The minimum 5 year contract for DRs might be executed in early 2023, but PSE is not expecting full capacity to be achieved in that same year and will work with respondents on what a fair scaling up would be to achieve its 2025 targets. Depending on what the initial negotiated capacity target is (e.g., 50% by Jan 1, 2024) PSE would consider that the start of the contract term and work with the respondent to achieve the remaining capacity by the end of 2025. The remainder of the contract, depending on the length negotiated, could be targeted towards PSE’s 2031 goals.</p> <p>As stated in PSE’s response to EnergyHub comment 2.1, PSE will not be including LDs in DR contracts.</p> <p>PSE is expecting to work with multiple bidders to achieve its targeted 2025 goals and is not expecting any one vendor as a sole provider for each resource goal.</p>
<p>4.4</p>	<p><i>Data in 15 sec Intervals</i></p> <p>Enphase seeks clarity on the RFP’s DR performance requirement of “real-time (15 seconds or less) resource delivered data in MW.”⁴ As a technology leader, Enphase questions the achievability of</p>	<p>No</p>	<p>PSE’s request of respondents to provide consumption and production data in 15 second intervals is to verify the resource was correctly dispatched. PSE’s request to have control of DER assets from the VPP on a 15 second interval is to gauge what a respondent’s best capability is, but it should be noted that PSE will notify respondents a day or hour ahead for dispatch. For respondents</p>

	such a requirement, and would like to better understand PSE’s basis for it, and the use cases under which it would be imposed. As discussed above, Enphase believes it benefits both bidders and PSE to ensure that the goals and requirements set forth in the RFP are within reach.		incapable of achieving this time, PSE requests that they provide their quickest response time for full capacity. PSE recognizes that some of the “Must Have” requirements listed in Exhibit K are potentially infeasible for some respondents. Responding “no” to any “Must Have” requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering “no” explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.
4.5	<i>Minimum Threshold Requirement</i> The RFP states that “[t]here is no minimum size threshold requirement for standalone or aggregated DR resources to be eligible for the DER RFP” ⁵ and does not appear to contain minimum size thresholds for any other resource type as well. While Enphase appreciates the inclusiveness of this approach, it also questions whether such an approach would yield an unmanageable number of small-scale bids that would require a substantial amount of time on the part of PSE to evaluate and optimize into a larger DER portfolio.	No	PSE does not see the need for a minimum size threshold for bidders. In PSE’s previous 2018 DR RFP, there was no minimum capacity offer required to qualify to bid. PSE is not expecting to see many bidders going through the RFP process for small unaggregated projects.
NW Energy Coalition, submitted December 30, 2021			
5.1	<i>Predetermined Options</i> We would recommend simplifying the DER/DR RFP to state how much energy and how much capacity will be needed, without limiting the responses to pre-determined options or preferred technologies, although those could be used as advisory levels or actions.	Yes	PSE seeks a minimum of 129 MW of DERs by 2025, with specific, aspirational sub-targets for demand response, battery storage, and distributed solar. However, these specific 2025 sub-targets are not intended to limit what will be acquired in this RFP. Rather, these sub-targets will help PSE identify and select resources to meet the specific targets for renewable energy and DERs included in the 2021 CEIP, while also providing different customer benefits than traditional utility-scale generating facilities, such as local peak reduction,

<p>Ideally, an RFP should consider all sources at one time, to achieve through joint evaluation of all available bids the best mix of resources to meet the larger needs that comply with CETA. While there are reasons for the bifurcated RFPs, we are concerned that the creation of separate short lists in each RFP may eliminate from consideration proposals that might be particularly strong when combined with other types of types of resources.</p> <p>We also recommend that the RFP make clear how the requirements of 19.405.040(6) , which establishes a hierarchy of resource acquisition, is met with two separate acquisition processes, each of which eliminates alternatives before bringing all proposals together.</p>		<p>resiliency, and a future foundation for a flexible electric supply portfolio. PSE has a considerable amount of DERs to acquire in the following years and views the initial sub-targets and overall 2025 target as floors on potential programs for this RFP.</p> <p>Creating separate shortlists in the All-Source and DER RFPs is not likely to result in the elimination of strong proposals. Consistent with WAC 480-107-009, PSE will fairly compare all resource options in its combined analysis of this targeted DER RFP and the All-Source RFP. PSE’s initial evaluation in Phase 1 of the DER RFP is meant to rank projects based on quantitative pricing as well as qualitative aspects to identify proposals that meet the expectations and objectives of the RFP. Proposals that are not a good overall fit for the RFP will not continue in the evaluation; however, PSE sees their elimination as having a negligible effect in the overall portfolio review. PSE’s Candidate List will ensure that each resource type will have program bids for further evaluation in Phase 2.</p> <p>The resources included in Phase 2 can amount to 150 percent of the resource need, depending on available bids, with PSE holding in reserve a certain number of proposals that fall short of this cut-off point, in the event that one or more of the selected proposals are subsequently withdrawn or eliminated for any reason. At the end of Phase 2 of the DER RFP, PSE will develop a preliminary short list of proposals that best align with PSE’s overall objective to select a portfolio of resources delivered to its system that balances lowest reasonable cost considering risk, customer benefits, and broad customer class inclusion. The process associated with determining lowest reasonable cost include compliance with all applicable state laws and regulations, including RCW 19.405.040(6). The purpose of the final Concurrent Evaluation is to inform the All-Source chosen bids: if DER RFP shortlist resources are displacing All-Source shortlist resources in lowest reasonable cost, PSE would perform additional co-optimization with Phase 2 DER resources to ensure cost-effective programs are not excluded.</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>5.2</p>	<p><i>Values of DERs and DRs on the System</i></p> <p>It is important for the RFP bid assessment to find the right balance between winter peak value and the other benefits provided by a diverse array of DER resources. In particular, while the RFP emphasizes a winter peaking perspective, the contributions that can be made to summer peaking and to grid value generally should not be undervalued – this is particularly important in the context of a more constrained and volatile Mid-C market.</p> <p>The RFP needs to clarify the individual and complementary benefits among DER and DR actions. NWECC has raised this issue for several years. We view DR measures as an adjunct of energy efficiency and conservation, as DR measures are employed to reduce the amount of energy consumed at specific times, while rooftop solar actually generates additional energy, and storage provides elements of both. Each affects the system in a different way. Furthermore, renewable resources provide power that does not necessarily follow PSE load shape. However, the energy it does provide can be called upon in place of centralized generation to meet energy load during the day, for</p>	<p>No</p>	<p>The primary objective of DR for PSE is currently winter peak reduction. PSE’s winter peak makes it different than other parts of the Western Interconnect that have a summer peak, such as electrical companies in California. PSE’s load shapes are also different from some electrical companies in the Pacific Northwest, such as Portland General Electric, which has a dual peak in winter and summer, driven by its downtown Portland commercial and industrial loads. As noted above, PSE is a winter-peaking utility and it provides electric service in 10 counties in and around the Puget Sound, but it does not provide electric service to Seattle. As such, PSE’s peak loads are primarily residential and driven by winter home heating.</p> <p>It should be also noted that winter and summer peaking events are different. Summer peaking events are focused in the late afternoon or evening when the date is the hottest, and typically only last a few hours in the evening. However, a winter event can last several days at a time and temperatures can drop low during the night and stay low through the day. However, PSE is looking to value summer peaking capabilities and utilize those resources as a secondary objective.</p> <p>PSE agrees with NWECC in its comments on DER synergies and PSE will appropriately model resources in the way that best characterize the needs of the grid. The DER RFP is seeking solar and storage paired projects as well as various forms of standalone storage programs to utilize their flexibility and services.</p>
------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>example, allowing PSE to conserve other generation or reduce market purchases for peak periods when renewables may not be available. And if the renewables are paired with storage at the site level, then the additional electrons can be flexibly drawn on as needed. PSE should explain how synergies achieved from such combinations will be evaluated.</p>		
5.3	<p>ELCC Concerning the effective load carrying capability (ELCC) method for resource valuation, we expressed concerns with how the values were calculated and used in the IRP to choose generation resources. We would urge PSE to emphasize that listings of possible projects listed in Table 3 are just that, suggestions as to the kinds of types and mixes of programs that will be considered, not a limitation as to what can be proposed.</p> <p>NWEC does not object to the use of ELCC in the DER RFP, but we feel that the overall limitations of the method are becoming more apparent, as shown in the vigorous technical discussion relating to the use of ELCC in the All-Source RFP.</p>	No	<p>The programs listed in Table 3, Section 1 of the Draft DER RFP are examples of programs that would be best suited for this RFP due to their impact on the customer benefit indicators listed in PSE’s 2021 Clean Energy Implementation Plan¹. Table 3 is not a limitation of what PSE will accept in the DER RFP and the language in Section 1 has been update to reflect that, “The programs listed in Table 3 below are representative examples and convey PSE’s priorities, but are not a limitation of what programs PSE will accept.”</p>

¹ <https://www.cleanenergyplan.pse.com/ceip-documents>

5.4	<p><i>Avoided Costs</i></p> <p>Because of its central importance in setting DER provider compensation, NWECC is very concerned about the projections for avoided cost described in Appendix E, particularly the 2021 IRP projections of Mid-C market prices (Table E-1) determined more than a year ago as prescribed in WAC 480-106-040 and filed with the Commission in Docket No. UE-190665. These are wholly out of line with developments since then.</p> <p>PSE raised substantial concerns about market access near the end of the IRP process, and further discussed the issues in the All-Source RFP technical workshop on market reliance on September 30, 2021. Overall, the volume of Mid-C transactions has fallen dramatically in recent years, and increased price volatility has been observed.</p> <p>Technical analysis of supply and demand trends both in North America and globally suggests that a transition to a new “price deck” for natural gas has now occurred. However, even if current higher prices do not persist, a more realistic assessment of the range of future market prices is needed to encourage bidders to provide balanced</p>	Yes	<p>PSE will not be able to include an updated forecast of Mid-C market prices as illustrated in Table 1 of Exhibit E by the final issuance of the DER RFP due to the complexity and time required for modeling. PSE is currently working on an updated schedule for the 2023 Electric progress report, and given time and availability, inclusion of certain updates will be made in the Phase 2 evaluation of the DER RFP.</p> <p>The values provided in Exhibit E are intended to be used for general information purposes and are noted as not guaranteed pricing. However, it is recognized that pricing has become much more volatile as NWECC has stated. PSE will work to include those updated values into the evaluation.</p>
-----	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>offers rather than underbidding in order to secure contractual agreements.</p> <p>NWEC recommends that PSE provide an additional alternate set of Mid-C price projections with the DER RFP to reflect ongoing changes in commodity gas prices as well as other factors.</p>		
5.5	<p><i>Category B: Vendor Service Components</i></p> <p>Category B requirements did raise some questions that we urge be clarified in the final RFP. For example, we do not understand what is meant by “value fit” and how that is considered in any evaluation; clarity in the final RFP would be appreciated. There is also a requirement that DER contracts be for a minimum of five years; Category B contract periods should more clearly align with DER contract periods. How are labor standards to be evaluated? How are Consumer Benefit indicators (CBIs) narratives provided by bidders to be evaluated?</p>	Yes	<p>Category B proposals by their nature are not fully developed programs due to the resource limitations of the bidder. PSE has added this category to allow for smaller business to directly bid into the RFP with their respective service (e.g., customer outreach and enrollment, equipment installation, etc...). Value Fit programs are the end result of adding additional program services to a Category B proposal to make it a complete turnkey program. Without adding those extra program services, a small business does not have a complete proposal to be compared with fully developed Category A proposals. PSE is adding language to better explain that principle and Figure 6 is being updated to better reflect this idea.</p> <p>DR contracts are set at a five year minimum, which is an industry standard. PSE is open to negotiating for longer terms as well. Category B proposals will complete the Master Services Agreement and attached SOW Agreement to define their work scope. The contract period of Category B proposals can vary based on the services being provided (e.g., customer outreach and enrollment, equipment installation, etc...).</p> <p>Regarding labor standards, see PSE’s response to BlueGreen Alliance comment 1.1.</p> <p>All respondents are required to provide a CETA Equity Plan, which includes two elements, Customer Benefits from Transition to Clean Energy Plan and Business Values. The details of the CETA Equity Plan are described in Exhibit B, Tab 2a, and Exhibit C. PSE will evaluate each bidder’s CETA Equity Plan using</p>

			the qualitative rubric provided in Exhibit A. The CETA Equity Plan, Customer Benefits from Transition to Clean Energy Plan, section in the qualitative rubric is how a respondent's CBI narrative will be evaluated directly against the CBIs from the CEIP.
5.6	<p><i>Bidder Concerns</i></p> <p>Reviewing comments submitted by EnergyHub and from informal discussions with other potential bidders, NWEC has learned of a number of technical concerns that should be addressed in the final DER RFP to remove potential hurdles to bidders and provide the most competitive and productive process for bidding and subsequent delivery. An informal stakeholder and bidder discussion with PSE and Commission staff during January 2022 prior to final approval could help clarify these concerns and lead to beneficial refinements in the RFP.</p> <p>Finally, we would find it helpful to have a simple flow chart that illustrates each step a Category A or B bidder must take, and a similar chart for a bidder submitting in both categories.</p>	Yes	<p>PSE recognizes that some of the "Must Have" requirements listed in Exhibit K are potentially infeasible for some respondents. Responding "no" to any "Must Have" requirement will not result in automatic elimination from the RFP, and PSE requests respondents answering "no" explain what can be provided when filling out Exhibit B. PSE will compare respondent capabilities with PSE requirements in its evaluation.</p> <p>PSE will include a flow chart that illustrates the main steps bidders will take when submitting into Category A and B.</p>
<i>Attorney General of Washington, submitted December 30, 2021</i>			
6.1	<p><i>Comparing All-Source and DER RFP</i></p> <p>In the draft DER RFP, Puget Sound energy anticipates the evaluation process to include three phases. These phases ultimately lead to a short-list selection of DER Respondents, which</p>	No	<p>PSE has already obtained approval of its All-Source RFP, as filed, and begun the process of evaluating its bids. If PSE was to restructure the RFP evaluation to incorporate Public Counsel's requests, there is a strong likelihood that both RFPs would be delayed and key milestones for evaluation, awarding and contracting inevitably pushed out.</p>

	<p>will then be evaluated with the short list of Respondents from the All-Source RFP. 1 Public Counsel recommends the Commission encourage PSE to compare all Respondents of this targeted RFP with all Respondents of the All-Source RFP.</p> <p>This could also be contrary to WAC 480-109-100(1), which identifies the process for pursuing all cost-effective conservation, because creating short lists separately could exclude programs that may be considered cost-effective, reliable, and feasible in the larger portfolio selection</p>		<p>See PSE’s response to NW Energy Coalition comment 5.1.</p>
6.2	<p><i>ELCC Methodology</i> Public Counsel also recommends, as we did in the All-Source RFP, that the Commission encourage the implementation of recommendations from E3 in their October 8, 2021, report on PSE’s ELCC methodology. In Order 01 in that docket, the Commission set out several conditions for additional review of PSE’s ELCC estimates and methodology. 2 To comply with those conditions, PSE hosted a workshop in August to discuss the Company’s ELCC assumptions and methodology. E3 presented at that workshop and later</p>	No	<p>In Docket UE – 210220 PSE filed the PSE Response to Public Comments on ELCC Calculations and Use on December 3, 2021². In the filing PSE responds to the six recommendations made in E3’s report. The DER RFP will follow the same conclusions and actions stated in that filing where applicable.</p>

² <https://www.utc.wa.gov/casedocket/2021/210220/docsets>

	<p>filed a report with their review and recommendations.</p> <p>We believe the Commission should encourage the Company to implement these recommendations, which should provide additional confidence in PSE’s methodology.</p>		
6.3	<p><i>Bidder Concerns</i></p> <p>It is understandable that PSE would like to implement specific requirements and evaluation criteria in soliciting and selecting respondents. However, certain criteria may discourage otherwise credible bidders that may not have the resources to meet all the requirements. The comments filed in this Docket by EnergyHub on December 27, 2021, pinpoint criteria listed by PSE in its requirements list⁵ that are especially prohibitive.</p> <p>As mentioned by EnergyHub, many of these “requirements” could be stated instead as “preferences,” and greatly increase the accessibility of the RFP process, and allow more credible Respondents to meaningfully participate.</p>	Yes	See PSE’s response to EnergyHub comment 2.5.
<i>Washington Solar Energy Industries Association, submitted January 6, 2022</i>			
7.1	<p><i>2022-2025 Resource Targets</i></p> <p>For the 2022-2025 time period, PSE projects solar (80mW) and battery (25mW) deployments that are</p>	No	PSE’s 2025 DER targets reflect the efforts of the Resource Planning team to predict the magnitude of DER resources that will maximize customer benefits while minimizing costs. We expect to treat these targets as a floor and are open to achieving higher deployment if the evaluation of RFP responses

	<p>extremely modest and likely far too conservative.</p> <p>Deployment of distributed renewables and demand response is cumulative. Their benefits being when they are added to the grid and continue through their service lifetime, which is well after full CETA compliance is realized. DERs added in the early stages of CETA compliance ease the burden of ramping up deployment later on in the addition to providing benefits (clean electricity, grid resilience and others) immediately. The solar and storage industry in Washington could easily support more robust deployment.</p>		<p>indicate that PSE can do so while continuing to balance customer benefits and costs.</p>
7.2	<p><i>2021 CEIP Preferred Portfolio</i> 2021 CEIP Preferred Portfolio (Table 3) is almost exclusively PSE owned or lease installations. Partnerships with third parties would help PSE leverage industry expertise and create and sustain local jobs.</p>	No	<p>The preferred portfolio does include partnership and 3rd party options and PSE fully expects to utilize these options as well as owned or leased installations. The preferred portfolio includes a breadth of programs to encourage participation by all customer types, maximizing customer benefits at a reasonable cost for the Clean Energy Implementation Plan. The expected capacity installed for each DER program concept is laid out in Table 2-15 of PSE's Clean Energy Implementation Plan and shows the relatively large impact of third party programs (PPAs) and customer-owned equipment against the total. PSE hopes that the responses to the DER RFP will reflect a similar breakout of ownership models.</p>
7.3	<p><i>Category B Requirements</i> These requirements are detailed, exhaustive, and ultimately onerous. They may be overly complex to the point they produce administrative overhead that would preclude submission of a cost effective bid,</p>	No	<p>Due to the novel approach PSE is taking by accepting program components (program design, customer outreach and enrollment, etc...), instead of a complete turnkey solution, PSE has to collect a comprehensive list of requirements. PSE will have to incorporate these components into a complete program during Value Fit program development, so as much information as possible is needed to ensure a smooth integration. Section 3 of the RFP provides a thorough description of requirements for each program</p>

	particularly for smaller companies with limited administrative resources.		component, though additional info may be needed during the Value Fit program phase. With future solicitations, PSE will work to narrow and streamline these questions.
--	---------------------------------------------------------------------------	--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------